



3 1761 10374497 5



Digitized by the Internet Archive
in 2023 with funding from
University of Toronto



<https://archive.org/details/31761103744975>

Gov. Doc
Can
Com

Canada. Railways, Canals and Telegraph
Lines, Standing Committee, 1951

SESSION 1951

HOUSE OF COMMONS

1st sess
Government
Publications

CAI
XC14
-R11

No. 5

STANDING COMMITTEE ON RAILWAYS, CANALS AND TELEGRAPH LINES

CHAIRMAN—MR. L. O. BREITHAUPT

MINUTES OF PROCEEDINGS AND EVIDENCE No. 5

Bill No. 117 (Letter L-1 of the Senate), intituled "An Act to incorporate Canadian-Montana Pipe Line Company".

WEDNESDAY, APRIL 4, 1951

WITNESS:

Mr. J. E. Corette, Jr., Vice-President, Montana Power Company, Butte, Montana, U.S.A.

OTTAWA
EDMOND CLOUTIER, C.M.G., O.A., D.S.P.
PRINTER TO THE KING'S MOST EXCELLENT MAJESTY
CONTROLLER OF STATIONERY
1951



ORDERS OF REFERENCE

TUESDAY, 13 March, 1951.

Ordered,—That the following Bill be referred to the said Committee:—

Bill No. 117 (Letter L-1 of the Senate), intituled, “An Act to incorporate Canadian-Montana Pipe Line Company”.

Attest.

LEON J. RAYMOND,
Clerk of the House.

REPORT TO THE HOUSE

WEDNESDAY, April 4, 1951.

The Standing Committee on Railways, Canals and Telegraph Lines begs leave to present the following as a

FIFTH REPORT

Your Committee has considered Bill No. 117 (Letter L-1 of the Senate), intituled: "An Act to incorporate Canadian-Montana Pipe Line Company" and has agreed to report it with amendments.

A copy of the proceedings and evidence taken is appended.

Clause 3 of said Bill No. 117 provides for Capital Stock consisting of five hundred thousand shares without nominal or par value. Your Committee recommends that, for taxing purposes, under Standing Order 93(3), each share be deemed to be worth \$10.00.

All of which is respectfully submitted.

L. O. BREITHAUPT,
Chairman.

MINUTES OF PROCEEDINGS

WEDNESDAY, April 4, 1951

The Standing Committee on Railways, Canals and Telegraph Lines met at ten thirty o'clock a.m. this day. Mr. L. O. Breithaupt, Chairman, presided.

Members present: Messrs. Applewhaite, Bonnier, Bourget, Byrne, Cannon, Conacher, Darroch, Follwell, Garland, Green, Harrison, Hatfield, Healy, Hodgson, James, Lennard, Macdonald (*Edmonton East*), MacNaught, McCulloch, McIvor, Mott, Murray (*Cariboo*), Noseworthy, Stuart (*Charlotte*), Whiteside.

In attendance: Mr. C. E. Bennett, M.P.; Mr. D. K. MacTavish, K.C., Parliamentary Agent; Mr. J. McL. Pritchard, President, McColl-Frontenac Oil Company Ltd., Montreal, P.Q.; Mr. J. E. Corette, Jr., Vice-President, Montana Power Company, Butte, Montana, U.S.A.

The Committee commenced consideration of Bill No. 117 (Letter L-1 of the Senate), intituled: "An Act to Incorporate Canadian-Montana Pipe Line Company".

Mr. C. E. Bennett, M.P., sponsor of the Bill, addressed the Committee and introduced Mr. MacTavish, Parliamentary Agent for the Petitioners.

Mr. MacTavish was called, explained the purposes of the Bill and was questioned.

Mr. Corette was called, heard and questioned regarding the project contemplated in the Bill.

The Preamble and Clauses 1 and 2 were severally considered and adopted.

On Clause 3:

On motion of Mr. McCulloch:—

Resolved, —That, for the purpose of levying a charge on the capital stock, which will have no par value, the Committee recommend that each share be deemed to be worth ten dollars (\$10.00).

Clause 3 was considered and adopted.

On Clause 4:

Mr. Green moved:

That sub-clause (2) of Clause 4 of this Bill be amended by inserting after the word *place* in the first line thereof the words "within Canada".

After discussion, and the question having been put, the said motion was agreed to.

Clause 4 as amended, and Clause 5 were considered and adopted.

On Clause 6:

Mr. Green moved:

That paragraph (a) of Clause 6 of this Bill be amended by inserting after the word *hydrocarbons* in the 30th line thereof the following: "provided that the main pipe line or lines of this Company either for the transmission or transportation of gas or oil, shall be located entirely within Canada".

After discussion, and the question having been put, the said motion was agreed to.

Clause 6 as amended, Clauses 7 to 11 inclusive and the Title were severally considered and adopted.

The Bill, as amended, was adopted and the Chairman ordered to report the same to the House.

At 11.20 a.m. the Committee adjourned to the call of the Chair.

R. J. GRATRUX,
Clerk of the Committee.

MINUTES OF EVIDENCE

HOUSE OF COMMONS,

April 4, 1951.

The Standing Committee on Railways, Canals and Telegraphs met this day at 10.30 a.m. The chairman, Mr. L. O. Breithaupt, presided.

The CHAIRMAN: Gentlemen, will you please come to order. We have a quorum and as it is a little after 10.30 I think we should get started.

Mr. Colin Bennett, M.P., is the sponsor of Bill 117 (Letter L-1 of the Senate) an Act to incorporate Canadian-Montana Pipe Line Company. If you are agreeable I will ask Mr. Bennett to introduce the witnesses and their solicitor who will handle the details.

Mr. BENNETT: Mr. Chairman and gentlemen, as I explained to the House on the second reading of this bill, the incorporators of this bill are the chief executive officers of the McColl-Frontenac Oil Company Limited, which is well known in Canada, and of the Montana Power Company. We have with us today—and I should like to introduce them to the committee—Mr. John McLary Pritchard, president of the McColl-Frontenac Oil Company, Montreal, P.Q.; Mr. John L. Corette, Jr., vice-president of the Montana Power Company, of Butte, Montana; and Mr. Duncan MacTavish, K.C., of Ottawa, who is well known to all of you, I am sure. I believe Mr. MacTavish is the first witness.

The CHAIRMAN: Following the usual custom, we will have a statement from Mr. MacTavish in connection with the bill and its purposes.

Mr. Duncan K. MacTavish, K.C., called:

The WITNESS: Mr. Chairman and honourable gentlemen, the bill which is now before you is similar in form to the pipe line bills under the general pipe line legislation that was passed here a year or two ago by this parliament. It is designed to give capacity, but capacity only, to the persons mentioned therein to construct a pipe line for the transmission of gas. The area which is involved is in the southeastern part of Alberta, known as the Manyberries field, the Pendant d'Oreille field, and the Smith Coulee field. The gas in these fields, gentlemen, is owned by the McColl-Frontenac company and Union Oil Company of California which are interested in this legislation to establish a pipe line to carry gas from these fields; and this will be brought down to join the system of the Montana Power Company, whose vice-president, Mr. Corette, is here today to give evidence and to answer any questions which you gentlemen may wish to put. Mr. Pritchard, the president of the McColl-Frontenac Company, is here for the same purpose.

As I said, the bill only gives capacity. In that connection I should like to refer, if I may at this time, to something that many of you have seen in the press; presently in the committee stage and well advanced in committee stage I believe, with very strong prospects of being passed today, is legislation of the province of Alberta to permit export to the United States of the gas I am speaking about now in order to service the Anaconda Copper Company in Montana, which has been declared by Mr. Charles E. Wilson, director of defence mobilization for the United States, a defence work of sufficient import-

ance to justify him, Mr. Wilson, in making the request for that legislation. That, as I say, is in process of passing through the Alberta legislature.

There is in the Edmonton *Journal* of Thursday, March 22, a long article—which I will not, of course, trouble to read to you in full—but if I may refer to it; it is headed, “U.S. Asks Alberta Gas ‘For Defence’—Copper plant seeks supply”. And it goes on to say that: “Premier Manning said the export permit being sought would be for a ‘limited period of five years and the gas can only be used to insure essential defence production of the Anaconda company’. The company produces 25 per cent of the zinc and 90 per cent of manganese used in the U.S.”

In that connection it would obviously be necessary to satisfy Mr. Wilson of the necessity of having gas in the quantities that thus can be made available go to the Anaconda company, that was done on the basis of representation made by the Montana Power Company; and, if the honourable gentlemen wish for detailed information on that, then Mr. Corette is here, and he took part in the negotiations which resulted in Mr. Charles Wilson making the arrangements which he did. Mr. Manning went on to say:

The request for the export originated with Charles E. Wilson, U.S. director of defence mobilization.

The premier said Mr. Wilson had refused to entertain numerous “pressure requests by U.S. industry to obtain Alberta natural gas on the excuse it was essential to defence”, until the specific “crisis” facing Anaconda Copper arose, through failure of gas reserves in the Montana Power Company’s field. “That is to Mr. Wilson’s credit”, said Mr. Manning.

Mr. Corette can confirm that when he visited Mr. Wilson’s office first he had difficulty in convincing them that he had a valid case for them. He did however convince them of that, because the fact is that Montana Power Company can establish that it is not in a position to service Anaconda Copper in the quantities they require, and hence Mr. Wilson’s request to the Premier of Alberta and the legislation, which I have before me, and which also I think it is not necessary to read in its entirety. The Act is entitled “Bill No. 90 of 1951” and its title explains, I think, exactly what I have said: “A bill to permit the temporary export of gas to Montana for essential defence production”, and it goes on to provide the terms and conditions pursuant to which the export will be permitted.

In case it may be of interest to you gentlemen—I know you are interested in the possibilities of having the capacity which you are empowered to grant to this company implemented by action,—and on that phase of the matter I would very briefly like to say that the group, the McColl-Frontenac Company, which of course is well known to you gentlemen, Union Oil Company, a very large company in the United States, and the Montana Power Company are all large organizations. Montana Power Company will be advancing the first moneys that are required for construction—I think you gentlemen have certainly heard enough about pipe lines to know that they are very expensive projects and require substantial funds for construction—and the balance of the money other than that immediately being advanced by the Montana Power Company will be raised by financing with the backing of the group which I have mentioned. Another point which may be of interest to you is the question of whether they can with that financing and with the capacity which we hope will be given to them by parliament proceed, having regard to the shortage of steel, and on that point I can tell you that the steel pipe has been purchased in Canada and is already on the ground so that there is no problem of that kind whatsoever.

I think I need not detain you further. These gentlemen who are here with me are willing and anxious to answer any questions, and if there are any

points I have not covered I would be very glad to do so. I should add in closing, as a matter of interest, that the length of the pipe line and of the gathering lines amount, in Canada, to about seventy-eight miles. That is the magnitude of the operation that we are discussing, in Canada.

The CHAIRMAN: Gentlemen, I assume that Mr. MacTavish is through making a general statement and he is now ready and willing to be questioned.

The WITNESS: Yes, sir.

By Mr. Green:

Q. We were told when the bill was before the House that the line was only to be built to the border by this company. That is correct?—A. That is correct.

Q. And then from the border to the Montana Power Company's lines, it will be built by the Montana Power Company. Is that correct?—A. I believe so, yes.

Mr. PRITCHARD: The distance is only twenty-six miles from the field to the border, that is all it is. What Mr. MacTavish is trying to say is that all the gathering pipes and the pipe line to the border would amount to about seventy-eight miles in all.

The CHAIRMAN: We will call on Mr. Pritchard later for details.

By Mr. Green:

Q. This Canadian company is only to build to the border?—A. That is correct. I think that is all that it is asked within your jurisdiction, so to speak, to grant capacity for.

Q. Then the gas is really to supplement gas already being produced by the Montana Power Company in the State of Montana?—A. That is correct. It will be all gathered together.

Q. Am I to understand that the Alberta government has imposed two conditions, in the first place, that their permit will only be for a period of five years, and secondly, that the gas must be only used by the Anaconda Copper. Are those the two conditions which have been imposed?—A. Yes. Perhaps in fairness I should add that there is also a limitation on the quantity. Section 7 of the bill reads:

The maximum quantity of gas that may be removed from the Province under the permit shall not exceed,—

- (a) ten billion cubic feet in any year; and
- (b) forty million cubic feet in any day.

As you raise the question of the conditions I thought it was only fair that I should point that out.

By Mr. Hatfield:

Q. You mentioned the McColl-Frontenac Co. What have they to do with this pipe line?—A. They are part owners, sir, of the reserves which we are discussing in many various fields in the Pendant d'Oreille field and the Smith Coulee field.

Q. I did not think they had anything to do with gas.

The CHAIRMAN: Do you wish to ask any other questions of Mr. MacTavish before we call on other witnesses? By the way, we forgot to welcome Mr. Byrne to the committee; I notice he is taking the place of some other member.

Are there any other questions? Mr. MacTavish is prepared to answer them now. If not, we will call on Mr. Corette.

Mr. John Earl Corette, Vice-President and Assistant General Manager, Montana Power Company Limited, called:

The CHAIRMAN: Would you state Mr. Corette's office?

Mr. MAC TAVISH: He is vice-president and general counsel of the Montana Power Company and is also an applicant in connection with this bill.

The CHAIRMAN: Would you care to make a brief general statement?

The WITNESS: If you so desire, Mr. Chairman.

The CHAIRMAN: A brief general statement would be acceptable.

Mr. LENNARD: I do not think that it need be too long.

The CHAIRMAN: I emphasized the word "brief".

The WITNESS: I think I can make it very brief.

In the event that there are either lawyers or engineers on your committee I should clarify my position a little. I am vice-president and assistant general manager of the Montana Power Company but I am not an engineer and I am no longer general counsel for the company.

I can say very briefly that first of all the amount of gas which this company is interested in exporting is very small compared to that which is involved in the other applications for the export of gas from Alberta. The amount is in the neighbourhood of only 10 or 15 per cent of what is involved in the other applications. The Montana Power Company is an electric and gas utility serving practically all of Montana with electricity, and serving part of Montana with gas, including the large defence loads for mining and smelting at Butte, Anaconda, and Great Falls. It owns the greater part of the Cutbank oil and gas field in Northern Montana.

For many years the Montana Power Company has been searching for additional sources of gas in Montana and Wyoming, without any particular success. There have been no discoveries except small ones which would not help the defence situation in the United States.

Because of the shortage of reserves of that company, or the shortage of gas in Montana, last year the Montana Power Company agreed to purchase from McColl-Frontenac and the Union Oil Company of California the reserves of the Pakowki Lake area. That gives you a background of the present application for the incorporation of a pipe line in Canada. I might say that the defence situation in Montana is that at Butte, Montana, the copper, manganese, and zinc mines of the Anaconda Copper Company are located, and at Anaconda, and Great Falls, the smelters and reduction works of that company are located. For twenty years they have all been using gas and a great part of their metallurgy is designed for using gas. They do not even know if other fuel could be used if it were available. They do know that it is not available in that area.

When this situation developed to a certain point, we thought it should be reported to Mr. Charles E. Wilson, director of mobilization. That was done, and, as a result, representations were made to the government of Canada. The exact contents of those representations I do not know because my knowledge stops at the presentation to Mr. Charles E. Wilson.

I might say, in connection with Montana Power Company's ability to finance this new company, that because primarily it is an electric business it is a rather large utility for a plains and mountainous state. It has approximately \$150 million of assets and its securities are owned by 26,000 stockholders spread throughout the United States, Canada, and the rest of the world. The company has been in business for about seventy years. It has been in the gas business for the past twenty years and has highly experienced crews in the fields of operation, production, transmission, and distribution of gas.

Is that a sufficiently general statement, Mr. Chairman?

The CHAIRMAN: I think so.

The WITNESS: I wanted to keep within your request that it be brief.

The CHAIRMAN: Are there any questions?

Mr. APPLEWHITE: I would like to ask one question. In the event that this legislation passes here with reasonable speed, at what time would the consumers get the benefit of this gas?

The WITNESS: The consumers would get the benefit of the gas this fall, sir. It would be essential that we complete our pipe line to the point of interconnection with the Montana Power Company pipe line, which is at Cutbank, Montana.

We would have to complete this red line this fall so that gas would be available to the Anaconda Copper Company this winter. Otherwise there would be a very serious curtailment in their operations this coming winter.

By Mr. Hatfield:

Q. What is the Anaconda Company going to do with this gas?—A. Well, they will use it at their mine in connection with their heating and processing plants, and also at their smelters in connection with the roasting of the ore and the smelting process of the ore which is all produced right there in that locality.

Q. I know that the ore is produced there, but cannot that work be done at some place in Canada?—A. I should think, sir, from the standpoint of the economics of the question, it could not. The smelters and reduction work was located at the present point because of its close proximity to the natural resources and to the supplies of ore which are there. Hundreds of millions of dollars are invested in those facilities, and with the ore located there, I think that the possibility of removing the reduction plants and smelters to some place in Canada would not even be a remote possibility.

By Mr. Green:

Q. You are asking for this gas simply as a temporary measure?—A. I could not say that the bill which is presented here for incorporation of this new company is not in connection with a temporary matter. It is a bill to incorporate a company which could transmit to Montana gas which the Montana Power Company has contracted to purchase from McColl-Frontenac Company, and the gas purchased would come from southeastern Alberta, let us say approximately four hundred million cubic feet. But since this bill was introduced, defence plans have developed to a point where now, should this company be incorporated, it would immediately proceed to transmit gas to Montana for defence purposes.

But our application is for a general permit to transmit the gas to Montana for general use in connection with the system of the Montana Power Company. It is still pending in Alberta. So, if the company were incorporated, and if the temporary export permits were granted, then if later on a general export permit were granted, everything would be carried out by this company.

Q. I take it that you hope eventually to get all this gas from this particular area?—A. Naturally, yes, all that we have purchased.

Q. Indefinitely?—A. Yes, to the extent of the reserves which are there.

Q. You hope to take all the gas from that reserve?—A. That is right. We have asked for a twenty-five year permit, and our requirements would approximately exhaust the reserves in that twenty-five year period.

Mr. MOTT: That would be the general effect?.

The WITNESS: Yes.

By Mr. Green:

Q. But would that not very seriously affect the chances of Canada getting any of that gas?—A. I would not be qualified to answer your question because I am not sufficiently familiar with the requirements of the other lines, and with the various applications which are pending for export. I do realize that the Oil and Gas Conservation Board of Alberta as well as your dominion boards have quite a problem in deciding which projects are possible and what gas should be exported from Alberta to the other provinces of Canada or to the United States. So I do not think I could possibly hope to give an answer to your question which would be satisfactory to you.

By the Chairman:

Q. You have already said that Mr. Charles Wilson contacted the federal government. Now, did he actually contact the federal government or the Alberta government in connection with the export? Does that not rest with the Alberta government?—A. I was speaking purely on the basis of an excerpt from an Edmonton newspaper stating that Mr. Charles E. Wilson had contacted the Honourable Clarence Howe and that the Honourable Clarence Howe had contacted Premier Manning.

Q. Who in the final analysis would have the say as to whether or not this gas should be exported?—A. My understanding is that in addition to obtaining permission from Alberta we would also have to have a permit from the Board of Transport Commissioners.

Q. That is right.—A. Of the dominion. So it would involve both the dominion and the provinces.

Q. Your situation is well protected from all angles, as far as Canadian interests are concerned. Are there any other questions?

Mr. GREEN: That remains to be seen, Mr. Chairman.

The CHAIRMAN: I do not see how you can figure that any other way.

Mr. HATFIELD: If we supply gas for defence purposes, and if we export all our gas from Canada to some other country, we would have a situation where our workmen in Canada cannot get employment in the factories of those other countries.

The CHAIRMAN: That is not the point.

Mr. MURRAY: I do not think it is quite correct. Montana is full of Canadians, is it not?

The WITNESS: I have so many Canadian friends in Montana that sometimes I think I am in Canada. And I might say that most of them come from Prince Edward Island.

Mr. MACNAUGHT: And darned good friends they are, too!

The WITNESS: In fact, the president of our company is a former student of McGill University, and he has spent a considerable part of his life in Canada.

Mr. HATFIELD: That does not make it right.

By Mr. Byrne:

Q. What percentage of your present consumption is your company using for domestic purposes?—A. About 50 per cent, sir. Anaconda Copper and Mining Company is using 20 million cubic feet of consumption, and housing needs 10 million cubic feet a year.

Q. Would the effect of the reserves becoming depleted in Montana indicate that fate for the field in Canada as well?—A. I can see no relationship between the two, at all. Geologists are quite satisfied that there is no connection or association between the gas in the Montana field and the gas seventy-five miles from there in the Canadian field.

By Mr. Stuart:

Q. What percentage of the amount exported would be used for defence purposes?—A. Under the temporary bill it is limited for five years to 50 billion cubic feet. That is the estimated requirement of the Anaconda Company in that five year period, without giving consideration to any possible increase in their load as a result of war activities.

By Mr. Green:

Q. In other words, the Alberta government is willing to take on all the requirements for the Anaconda Copper Company for a period of five years?—A. That is right.

Q. But you are getting no permanent permit from them for the export of the gas?—A. Not at the present time.

By Mr. Whiteside:

Q. What is the size of the pipe?—A. It would be a sixteen inch pipe from this field to Cutbank, Montana, and our line from Cutbank to Butte, Montana is a twenty inch line.

By Mr. Green:

Q. So in fact you would be supplying your domestic consumers with Montana gas?—A. Yes.

By Mr. Byrne:

Q. Let us suppose that coal were to be used for domestic purposes to the extent that you have said. You have been selling 50 per cent of your gas for domestic purposes. Would there not be a reduction, if domestic consumption were to use coal, which would provide sufficient gas to carry on your defence requirements?—A. We have 35,000 customers who are using gas primarily for heating purposes and it would mean a conversion of gas appliances in connection with those 35,000 customers, if we were to change back to coal. It would require the total elimination of the domestic consumption in order to make gas available for the Anaconda Company. And in addition, from the stand-point of our company, if we tried to cut off 35,000 individual customers, even if it meant the supplying of defence industry, I think we might find ourselves run out of the country. You must realize that we have the same climate that you do, that our people are accustomed to using gas for fuel, and have done so for twenty years. I really think they do not know how to use anything else. And moreover, there is no coal production in that area. It would have to be developed. I think it would be impossible.

The CHAIRMAN: Well, gentlemen, unless there are any further questions, are we ready to proceed with the bill? I do not believe it is necessary to call on Mr. Pritchard unless the members have some questions to ask him.

Mr. APPLEWHAIT: Mr. Chairman, would you not consider it wise to get some information from some witness upon which to base the valuation of the shares for taxation purposes?

The CHAIRMAN: Well, it is up to the committee. I am in the hands of the committee.

Mr. MAC TAVISH: Mr. Chairman, we filed a declaration of \$10 a share.

The CHAIRMAN: That is under clause 3?

Mr. MAC TAVISH: Yes.

The CHAIRMAN: For taxation purposes?

Mr. MAC TAVISH: Yes. It was filed in the usual way.

The CHAIRMAN: We shall consider the bill, then.

Mr. MURRAY: Before we do so, Mr. Chairman, I do not think the defence needs of this project have been amply explained. Is there not some board here which deals with the matter of joint defence between Canada and the United States which could give us a word of instruction on the matter?

Mr. CONACHER: Mr. Chairman, would not that all have been decided before the bill got to this stage?

The CHAIRMAN: I think it is self-evident.

Mr. MURRAY: If it is self-evident then we should expedite the project.

The CHAIRMAN: Yes, and that is why I asked the question whether the Hon. Mr. Howe had been in touch with the situation.

Mr. MURRAY: If General MacArthur should make a statement that he wanted that gas, it would make an entirely different picture.

Mr. GREEN: That is not quite the picture because here the last witness has said that the Anaconda Copper Company is to get all its gas not only for war production but for ordinary production from this field. I am not quarrelling with their getting help for their war production, but in addition to that they are getting it all for ordinary requirements.

Mr. HATFIELD: They are going to drain the field.

Mr. MURRAY: It would be quite in order to do so if it is essential for defence needs.

The CHAIRMAN: We have heard the evidence concerning Mr. Wilson who is the top man in that department in the United States.

Mr. MURRAY: Well, Mr. Chairman, I do not think that a statement from the Edmonton *Journal* is necessarily an official statement as to Mr. Wilson's policy and as to the desire of President Truman.

The CHAIRMAN: You can hardly bring Mr. Wilson or the Hon. Mr. Howe here. I do not think we need to have the Hon. Mr. Howe come here as a witness in that connection. What is your thought?

Mr. MURRAY: I mean there is a joint defence commission which easily could be heard from.

The CHAIRMAN: Mr. MacTavish, can you enlighten us on that?

Mr. MACTAVISH: I think perhaps the answer to your question, sir, is this, that here you are being asked to give only capacity to this group. Now, the thing that has to be done, notwithstanding what the province of Alberta has done, is that first we must go to the Board of Transport Commissioners in any event, and having done that, then we come back to Mr. Howe's ex-department, so to speak, the Department of Trade and Commerce, and there we have to get a specific permit, under the federal statute with respect to the export of fluids, gas and that sort of thing, so that at that time, sir, the question of the necessity of urgency defencewise will have been established beyond peradventure of all doubt so far as the Canadian authorities are concerned. So far, we have established in a very satisfactory way that Mr. Wilson, who is the specific person charged with the highest authority in the United States with defence mobilization has made a request through Mr. Howe, who at that time was Minister of Trade and Commerce and in whose department the matter will lie before we are ready to treat with the Board of Transport Commissioners, and he in turn through Premier Manning of Alberta, is implementing that important phase of the matter, which is the export of the gas from the area in which it lies, so that I think that the defence problem will inevitably be solved to the entire satisfaction and complete protection of Canadian interests before any gas can be exported.

Mr. HATFIELD: The export lies with the provincial government of Alberta?

Mr. MAC TAVISH: Yes, from the point of view of availability for export, but that is not sufficient for our purposes as we still have to go to the federal board.

Mr. HATFIELD: That is where our final protection is.

Mr. MAC TAVISH: I think it is complete protection.

The CHAIRMAN: Are you ready to consider the bill?

Shall the preamble carry?

Carried.

Clause 1:

Carried.

Clause 2:

Carried.

Clause 3:

3. The capital stock of the Company shall consist of five hundred thousand shares without nominal or par value.

In connection with the valuation of the common stock in Clause 3, I believe Mr. McCulloch has a recommendation to make.

Mr. McCULLOCH: I move that for the purpose of levying a charge on the capital stock which will have no par value the committee recommend that each share be deemed to be worth \$10.

Agreed to.

The CHAIRMAN: It is necessary that a value be put on the no par value stock, as has been done previously as honourable members will recall.

Shall Clause 3 carry?

Carried.

Clause 4.

4. (1) The head office of the Company shall be at the city of Calgary, in the province of Alberta, which head office shall be the domicile of the Company in Canada; and the Company may establish such other offices and agencies elsewhere within or without Canada as it deems expedient.

(2) The Company may, by by-law, change the place where the head office of the Company is to be situate.

(3) No by-law for the said purpose shall be valid or acted upon until it is sanctioned by at least two-thirds of the votes cast at a special general meeting of the shareholders duly called for considering the by-law and a copy of the by-law certified under the seal of the Company has been filed with the Secretary of State and published in the *Canada Gazette*.

Mr. GREEN: In clause 4 I notice that under subclause (2) there is power given to the company by by-law to change the head office of the company. In the other bills there have been included the words "within Canada", which meant, of course, that the head office would be within Canada, but that is omitted in this particular bill. I think that the company should ask for an amendment to provide that the head office must be in Canada.

Mr. MAC TAVISH: There are no objections to that from the company's point of view.

The CHAIRMAN: There are no objections to that being inserted?

Mr. GREEN: In the Trans-Canada Pipe Lines Bill a similar section reads:

The Company may, by by-law, change the place within Canada where the head office of the Company is to be situate.

Mr. MACTAVISH: I think there is no intention of having the head office anywhere but in Canada.

The CHAIRMAN: All in favour of the amendment "within Canada" added after the word "place"?

Clause 4 as amended:

Carried.

Clause 5:

Carried.

Clause 6:

6. The Company, subject to the provisions of any general legislation relating to pipe lines for the transportation of gas or oil or any gaseous or liquid products or by-products thereof which is enacted by Parliament, may

- (a) within the province of Alberta and/or internationally outside Canada construct, purchase, lease, or otherwise acquire and hold, develop, operate, maintain, control, lease, mortgage, create liens upon, sell, convey or otherwise dispose of and turn to account any and all international pipe lines and all appurtenances relative thereto for gathering, processing, transmitting, transporting, storing, and delivering, natural and artificial gas and other gaseous or liquid hydrocarbons, and purchase, or otherwise acquire, process, transmit, transport, and sell or otherwise dispose of and distribute natural and artificial gas and a mixture thereof and other gaseous or liquid hydrocarbons, and own, lease, sell, operate, and maintain aircraft and aerodromes for the purpose of its undertaking, together with the facilities required for the operation of such aircraft and aerodromes; and own, lease, operate and maintain interstation telephone, teletype and telegraph communication systems and subject to *The Radio Act, 1938*; and any other statute relating to radio, own, lease, operate and maintain interstation radio communication facilities;
- (b) purchase, acquire, hold, lease, sell, improve, exchange or otherwise deal in real property and any interest and rights therein, legal or equitable or otherwise howsoever, and deal with any portion of the property so acquired, and may subdivide the same into building lots and generally lay the same out into lots, streets and building sites for residential purposes or otherwise and may construct streets thereon and necessary sewerage and drainage systems, and build upon the same for residential purposes or otherwise, and supply any buildings so erected, or other buildings erected upon such lands, with electric light, heat, gas, water or other requisites, and lease or sell the same, upon such terms and subject to such conditions as appear requisite for the purposes of the undertaking, either to its employees or to others;
- (c) exercise as ancillary and incidental to the purposes or objects set forth in this Act, the powers following unless such powers or any of them are expressly excluded by this Act, namely, the powers set forth in paragraphs (a) to (bb) inclusive of subsection one of section fourteen of *The Companies Act, 1934*.

Mr. GREEN: Mr. Chairman, on Clause 6, I would like to move that there be added after the word "hydrocarbons" in line 30, the following:

provided that the main pipe line or lines either for the transmission or transportation of gas or oil shall be located entirely within Canada.

The evidence both here and in the House has made it perfectly clear that it is the intention of the company only to build to the Canadian border, so they should have no objection to an amendment of that kind being inserted. If it is

not inserted, then we may find that in a year from now or perhaps in five years from now it will turn out that this company proposes to pipe gas via the United States to the west coast. They may turn out to be a competitor of other companies which are prepared to supply gas to the west coast through Canada, and I think it would be unfair that they should not be subject to this same restriction with regard to their main line as has been written into two of the other bills. I hope that the company would not object to an amendment of that kind.

The CHAIRMAN: Can we have the amendment in writing?

Mr. GREEN: It is exactly the same as in the other bills.

The CHAIRMAN: You have it right there. Would you mind reading it again?

Mr. GREEN: "Provided that the main pipe line or lines either for the transmission or transportation of gas or oil shall be located entirely within Canada".

The CHAIRMAN: It is the same as in the other two bills?

Mr. GREEN: Yes.

The CHAIRMAN: How would you feel about that, Mr. MacTavish?

Mr. MACTAVISH: If I could just consult one moment.

The CHAIRMAN: Your amendment, Mr. Green, would cover gas only, or gas or oil?

Mr. GREEN: It would cover both.

Mr. MACTAVISH: If the amendment made it clear that the pipe lines referred to are the pipe lines of this company, we have no objections because there is no intention of doing anything even in the future other than what we have said, that is, so far as this bill is concerned, to take the pipe lines down to the border.

Mr. GREEN: It obviously could only apply to this company because it is only this company's bill that is being amended.

Mr. MACTAVISH: Generally speaking, the amendment comes within the general scope of what I said previously with respect to capacity. Actually those are matters generally in the purview, I think, of the Board of Transport Commissioners—such matters as routes, et cetera. But we have no objection to the amendment provided it limits it to this company.

The CHAIRMAN: Is the amendment as read satisfactory?

Mr. MACTAVISH: I wonder if I could read the amendment? Would you have any objection if we added after pipe line or pipe lines the words "of this company"? It makes it abundantly clear.

Mr. GREEN: Yes, that is all right.

Mr. MACTAVISH: Is that acceptable? Under those circumstances we have no objection whatsoever.

The CHAIRMAN: I think the clerk has the clear wording of the amendment now and I think it will be possible to have him read it as it is so there will be no error.

The CLERK: In Clause 6, line 30, after the word "hydrocarbons" inserting the following:

provided that the main line or lines of the company for the transmission or transportation of gas or oil be located entirely within Canada.

Mr. GREEN: The main pipe line or lines.

The CLERK: "The main pipe line or lines for the transmission or transportation . . ."

Mr. GREEN: "Either for the transmission or transportation of gas or oil shall be located entirely within Canada."

The CHAIRMAN: Shall paragraph (a) of clause 6, as amended, carry?

Carried.

Paragraph (b) of clause 6?

Carried.

Paragraph (c) of clause 6?

Carried.

Clause 7?

Carried.

Clause 8?

Carried.

Clause 9?

Carried.

Clause 10?

Carried.

Clause 11?

Carried.

Shall the title carry?

Carried.

Shall the bill as amended carry?

Carried.

Shall I report the bill?

Carried.

Gentlemen, that is all that is before the committee and a motion to adjourn
is in order.

Mr. FOLLWELL: I so move.

The meeting adjourned to the call of the chair.

